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June 8, 2009 Agenda Item 6.1

Government Relations

May 29, 2009

TO: Dennis Fay, Executive Director

Alameda County Congestion Management Agency

Christine Monsen, Executive Director

Alameda County Transportation Improvement Authority

FR: Suter, Wallauch, Corbett & Associates

RE: Legislative Update

Joint Session: Governor Schwarzenegger has announced he will address a joint session of the Legislature on Tuesday, June 2. The time has not been announced, but the purpose of the meeting to discuss his proposal close the \$24 billion spending gap.

Conference Committee: Last week the Conference Committee heard from Finance, the Treasurer, and Controller about the bleak revenue forecast, the dire cash situation, and inability to expect any help from Wall Street. The Conference Committee reserved this past week for public testimony. The most difficult day was Wednesday's hearing on health and human services issues. The Governor has proposed eliminated CalWORKs, Healthy Families and other safety net programs, and the day was filled with wrenching stories of how eliminating these programs will render them unemployed, homeless and unable to cope without the medication and assistance these programs provide.

The messages were not any better on Thursday, which was reserved for comments on local government and transportation cuts. County Supervisors started the testimony by stating that they are willing to work with the state on how to deliver essential human services programs, but stressed that eliminating programs does not eliminate the need for services. Individuals relying on CalWORKs and other programs would be forced to turn to county funded general assistance and local emergency rooms. Representatives from cities, counties, and special districts also urged the Committee to reject the Governor's proposal to borrow \$2 billion property tax revenue.

Comments on transportation funding centered on the importance of addressing the operating needs of public transit service, and the economic impact and job loss that would occur if funding for STIP and many SHOPP projects is deferred or cut by suspending Prop 42 or diverting State Highway Account funds. In addition, AC Transit Board President, Rocky Fernandez testified that the diversion of property tax revenue could force AC Transit existing proposal to cut 15% of its service could grow to 30% if the state takes \$8 million in property tax revenue.

The Conference Committee will complete public testimony next week when it hears from education and public safety advocates. The Committee will then begin the process of taking action on the Governor's proposals as well as options from the LAO. Action on local government funding items is currently scheduled for Monday June 8.

Revised revisions: The Governor released a summary of the May Revise on May 14th with the expectation that the "official" Revise would be available by May 28th. While the revised Revision has been released yet, the Governor has issued lists of proposed cuts. So far three lists have been released with cuts ranging from the elimination of CalWORKs to reducing state salaries by 5%. The following are the cuts the Governor is proposing for transportation items, as well as a few more suggestions from the LAO. If you would like a complete list of the cuts for all program areas please contact our office, or visit the Department of Finance website at www.dof.ca.gov.

Governor's Proposed Transportation Cuts

Divert additional spillover revenue to offset general fund costs. The May Revise increases the amount of revenue attributed to "spillover" by \$337 million. The Governor proposes to use this revenue to offset the general fund cost for transportation bond debt payments. This revenue would normally flow to public transit operators, but the February budget suspended for the next five years all public transit funding. The spillover occurs when the sales tax on fuel purchases exceeds the amount of revenue generated by ¼ % of sales tax on all other transactions.

Cut gas tax subventions to cities and counties. Use \$750 million of the gas tax subventions to cities and counties to offset the general fund expense for transportation bond debt payments. Currently, \$1 billion of the gasoline excise tax revenue is distributed to cities and counties for local street and road maintenance. The Governor proposes to permanently reduce this amount to \$300 million. The LAO is proposing a temporary shift.

Redirect PTA resources to debt service. The Governor proposes to redirect \$315 million in Public Transportation Account (PTA) funds to reimburse the general fund for transportation bond debt payments. This transfer would also be made again in 2010-11 in the amount of \$389 million. This proposal would redirect toward debt service the hometo-school transportation funds that were originally used taken from public transit operators. This would eliminate most funding for yellow school bus service.

Use weight fees for payment of debt service. In the 2009-10 fiscal year the Governor proposes to redirect \$242 million in weight fees to pay for bond debt service. The State Constitution limits to 25% the amount of Article 19 funds that can be used for debt service. This proposal would include weight fees in that calculation, which enables the state to direct additional Article 19 funds to reimburse the general fund for transportation bond service.

LAO's Suggested Transportation Cuts:

Reduce Home-to-school transportation funding. The LAO recommends reducing home-to-school funding by \$288 million, and redirecting this revenue to regional center transportation costs and to reimburse the general fund cost for transportation bond debt service. As background, state transit money that previously went to public transit operators is primarily being used to fund home-to-school transportation. This shift from public transit to school buses also shifted revenue from urban transit operators, who are the school transportation provider, to rural and suburban yellow school bus operators.

Suspend Prop 42 funding. The LAO proposes to "partially" suspend Proposition 42 allocations to transportation. The proposal would suspend for one year 80% of Prop 42 revenue, which would eliminate funding for projects in the STIP and the allocation to cities and counties for local road projects. This would generate about \$1.2 billion for the general fund. The proposal does not call for suspending 100% of the program because the remaining 20% is dedicated to public transit operations, which is already being diverted to general fund purposes pursuant to the February budget.

Shift funds in the Motor Vehicle Account to the general fund. This proposal would shift about \$70 million in "non-Article 19" funds from the MVA to the general fund. Non-Article 19 funds are typically revenue generated through rents or leases of state owned space. The use of these funds is not restricted by Article 19 of the Constitution, which restricts how gas tax and vehicle license fees can be spent.

Use State Highway Account funds for bond debt payments. The LAO suggests using \$135 million in State Highway Account funds to offset the general fund cost for transportation bond debt payments. This could potential impact the delivery of SHOPP projects which are maintenance and rehabilitation projects on the state highway system. However, the LAO claims that Caltrans could impose administrative reductions, which would lessen the impact to SHOPP projects.

LEGISLATION

This week was the deadline for the Senate and Assembly Appropriations Committees to take action on all fiscal bills, which culminated with dreaded Suspense File hearings in both houses. The Suspense File is a holding place for measures with an estimated cost in excess of \$150,000. Action on these bills is deferred and taken at a single hearing. Given the magnitude of the state fiscal problems, both the Senate and Assembly held most measures on the Suspense File, which means the measure is dead for this year.

The Assembly Appropriations' Suspense File consisted of 450 billion with an estimated cost of several billion dollars. The Assembly Committee approved 220 bills with an estimated cost of only \$6 million. The average cost of prior Suspense File actions totaled over \$600 million.

LEGISLATION

Bill	Topic	Status	Client-Position

AB 497 (Block)(D) A-05/14/2009	Vehicles: high- occupancy vehicle lanes: used by physicians.	05/18/2009-In Senate. Read first time. To Com. on RLS. for assignment. (05/18/2009-S RLS.)	ACTIA-Oppose CMA-Oppose
	regardless of occupan	d allow a physician to cy requirements when car displays an insigne stor Vehicles.	traveling to an
	about enforcement of	nbers of the committee this bill, AB 497 was a rrently pending on the	pproved by the
AB 652 (Skinner)(D) A-04/29/2009	Vehicles: vehicle length limitation.	05/11/2009-In Senate. Read first time. To Com. on RLS. for assignment. (05/11/2009-S RLS.)	ACTIA-Support CMA-Support
	amended this bill creause of bike racks that	mended to apply only tes a pilot program for accommodate three bid was approved by the A	AC Transit to test the cycles. With this
	racks, because of this have expressed concer AB 652 would require	racks are 4 inches long added length both drivens regarding the turnire AC Transit report to tadded length causes an	er unions and the CHP ng radius of the buses. he Legislature on its
AB 672 (Bass)(D) A-05/19/2009	Transportation: bond- funded projects: letter of no prejudice.		ACTIA-Support If Amended CMA-Watch
		d establish a process for a Letter of No Prejudic	
	LNOP will serve to en	ity administering the P sure the project sponse funds for any bond-fu	

	project		
	project.		
AB 744 (Torrico)(D)	Speaker Bass has intromeans to deliver projections to deliver projections to deliver projections to deliver projections that the April 21 useful this measure we bill currently requires LONP must already be address this confusing Transportation: toll	05/28/2009-From	give local entities a nds are not available. ne issues with how ply for the LONP, the nent seeking the nents are expected to ACTIA-Support In
A-04/21/2009	lanes: Express Lane Network.	APPR. SUSPENSE FILE: Do pass as amended. (05/28/2009-A APPR. SUSPENSE FILE)	Concept CMA-Support In Concept
	Committee with amen by early next week. The construct and operate As amended on April	pproved by the Assemudments. The amendments bill authorizes BA an express lane networn 21, the bill establishes	ents should be in-print FA to finance, k in the Bay Area. a framework for
	lanes within each corr payments have been n each corridor in propo The excess toll revenu investment plan, whic While a Congestion M project proposed by th	ring groups that will plidor. The bill specifies nade excess toll revenuention to the amount of the shall be used to fund the may include cost efformagement Agency may working group, the use to the cost lane is built or not	s that after debt he is allocated back to revenue generated. I the corridor hective public transit. he ay reject a HOT lane hallimate decision
AB 798 (Nava) (D) I-02/26/2009	California Transportation Financing Authority: toll facilities.	05/28/2009-From APPR. SUSPENSE FILE: Do pass. (05/28/2009-A APPR. SUSPENSE FILE)	ACTIA-Watch CMA-Support and Seek Amendments
		pproved by the Assem laced on the Assembly e File.	
	The author has agreed	to amend the bill to in	clude bus related

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		amendment to remove n MTC's approval price reasurer's office.	
	California Transportat purpose of the Author	by the State Treasurer tion Financing Authoritity is to establish a sould projects and other trans	ty (CTFA). The rce for local agencies
AB 1072 (Eng)(D) A-05/05/2009	Improvement, and Service Enhancement	Senate. Read first time. To Com. on	ACTIA-Watch CMA-Watch
	Association and would formula for distributin appropriations. In add following changes to t	onsored by the Califord extend the application of Prop 1B transit capit dition, AB 1072 was another existing program that ter manage these fundaments.	n of the existing al funds to future nended to make the at would enable
	Authorizes a pranother project	sor may retain its fund d utilize that funding in roject sponsor to loan it t sponsor with an eligible ons are put to use in a	ats allocation to ble project to ensure
			subsequent fiscal nat were approved in a
AB 1135 (Skinner)(D) I-02/27/2009	Vehicles: registration renewal.	Held on Suspense File – Two-Year Bill	ACTIA-Watch CMA-Watch
	report the odometer re when renewing the vel and declaration regard	ill would require an own ading to the Departme hicle registration. The ling the need for more to improve transportation.	vner of a vehicle to nt of Motor Vehicles bill contains finding accurate vehicle miles
AB 1175 (Torlakson)(D)	Toll facilities.	05/28/2009-From APPR. SUSPENSE	ACTIA-Watch CMA-Watch

A-04/14/2009		FILE: Do pass as amended. (05/28/2009-A APPR. SUSPENSE FILE)	
	NOTE: AB 1175 was approved by the Assembly Appropriations Committee with amendments that should be in print next week. This bill adds the Antioch and Dumbarton bridges to the toll bridg seismic safety program. In addition, AB 1175 would authorize BATA to submit regional measures to increase tolls the voters.		in print next week. idges to the toll bridge '5 would authorize
	The regional measure must described the projects and program be funded, and the bill states the projects and programs shall consist of infrastructure projects, acquisition of transit vehicles transit operating assistance, and other improvements that reduce congestion and improve travel options. The bill, however, doe not specify how the expenditure plan would be developed.		programs shall of transit vehicles, vements that reduce bill, however, does
AB 1321 (Eng) (D) A-05/06/2009	Environment: The Advance Infrastructure Mitigation Program Act.	Held on Suspense File – Two-Year Bill	ACTIA-Watch CMA-Watch
	NOTE: AB 1321 would authorize the Natural Resources Agen (NRA) to develop a program to mitigate the impacts of infrastructure projects proposed by a public agency on a region or statewide scale in advance of project approval.		impacts of agency on a regional
The bill would create the Advanced Infrastructure Mitigation Program under which NRA would develop "regional advance mitigation plans" (RAMP). The RAMP would be a plan that estimates the potential future compensatory mitigation requirements for one or more planned infrastructure projects identifies mitigation projects, sites, or credits that would full some or all of those requirements.		regional advance Ild be a plan that mitigation ructure projects and	
	This process would not replace CEQA, but it would essentially identify a mitigation plan for a project in advance of completing environmental review.		
AB 1386 (Hayashi) A-04/22/2009	State highways.	05/28/2009-From APPR. SUSPENSE FILE: Do pass.	ACTA-Support CMA-Support

		(05/28/2009-A APPR. SUSPENSE	
		FILE) approved by the Assen of 10-3. The bill is nov	
	sale of state owned rig corridor to be used for	sting law to allow for the ght-of-way along the property both state and local training law limits the use of	oposed Route 238 ansportation
	Routes 92, 185, and 2 being incorporated int	language to relinquish 38 within the City of H to other amendments thation funds that would aghway sections.	ayward. Language is at would address the
	specify that the proceed	nends both the Rt 238 and a seds from the sale of properties AB 1386 creates until	perty is deposited into
AB 1500 (Lieu) (D) A-04/29/2009	High-occupancy lanes: single occupancy vehicles: sunset date.	05/26/2009-Read second time. To third reading. (05/26/2009- A THIRD READING)	ACTIA-Oppose CMA-Oppose
	years from January 1, allows specified types	l, AB 1500 would exter 2011 to January 1, 201 hybrid and low emissi of the number of occup	6 on existing law that on vehicles to use an
	would only extend the fueled vehicles, such	ssembly Transportation e sunset date for electric as natural gas vehicles. I sunset on January 1, 2	c and other alternative The exemption for
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ACA 9 (Huffman)(D) I-02/06/2009	Local government bonds: special taxes: voter approval.	05/07/2009-From committee: Be adopted, and re-refer	ACTIA-Support CMA-Support

	threshold for local bor infrastructure projects Local Government Co Assembly Committee	to Com. on REV. & TAX. Re-referred. (Ayes 5. Noes 2.) (cional Amendment wounds and special taxes to ACA 9 was approved on Revenue & Taxatic do not apply to Consti	55% for d by the Assembly ly pending in the on.
ACA 15 (Arambula)(D) I-03/10/2009	Local government transportation projects: special taxes: voter approval.	05/28/2009-From APPR. SUSPENSE FILE: Do pass. (05/28/2009-A APPR. SUSPENSE FILE)	ACTIA-Support CMA-Support
	constitutional vote requirements of specifically for providing from two-thirds to a 5 ACA 15 was also approximately approximatel	roved by the Assembly rently pending in the A	of a special tax cansportation projects Local Government
SB 165 (Lowenthal) A-05/26/2009	Transportation.	05/27/2009-Read second time. To third reading. (05/27/2009- S THIRD READING)	1
	controversial changes SB 165 included a cha which allowed the pro	ns various clean-up proto transportation related ange to SB 791 (Corber beeeds from the right-objects. SB 165 has been LATIP changes.	ed laws. In particular, tt) from last year, f-way along Route 84
	property sold shall on review, it was found the corridor. Our office	hat a single residential	parcels. After further parcel exists within Corbett's staff and with

	was only one house in	adding the term "non-readding the term "non-read question, and the fact in the area, Western Ce	that this change could
SB 205 (Hancock) (D) A-04/14/2009	Traffic congestion: motor vehicle registration fees.	04/28/2009-Read second time. To third reading. (04/28/2009- S THIRD READING)	ACTIA-Support CMA-Sponsor
	Floor. This bill woul agency to place on th	oving along and it is curd allow any county con e ballot a majority vote wehicle for the purpose cality programs	gestion management measure to impose up
SB 391 (Liu) (D) A-05/04/2009	California Transportation Plan.	05/20/2009-Read second time. To third reading. (05/20/2009- S THIRD READING)	ACTA-Watch CMA-Watch
	NOTE: SB 391 requires Caltrans to update its state transportation plan by December 31, 2015 and every five years thereafter. This bill also requires that the plan to address how the state will meet the transportation infrastructure and mobility needs of California and attain air pollution standards required by federal state law and achieve greenhouse gas (GHG) emissions reduction needed from the transportation sector.		ears thereafter. s how the state will bility needs of required by federal and
SB 406 (DeSaulnier)(D) A-05/28/2009	Land use: environmental quality.	05/28/2009-From committee: Do pass as amended. (Ayes 7. Noes 5.) Read second time. Amended. To third reading. (05/28/2009-S THIRD READING)	ACTIA-Watch CMA-Support
	to a \$2 surcharge on a land use planning act membership and dution Planning Advisory are	orizes regional planning vehicle registrations in orivities. This bill also mes of the Office of Plantad Assistance Council. Senate Transportation	order to fund regional akes changes to the ning and Research's This bill was

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	Government Committee Appropriations.	ees, and it is currently i	n Senate
	The Planning Advisory and Assistance Council (PAAC) currently consist of representatives from cities, counties, and regional agencies that are appointed by the Director of the Governor's Office of Planning & Research. The PAAC assists OPR in the development State's Environmental Goals and Policies Report. SB 406 would significantly change the composition of the PAAC members and assign additional duties to the PAAC, such as coordinating regional blueprint plans.		
	impose up to a \$2 surd region. If the populati \$1 must be used for gr projects related to imp	s metropolitan planning charge on each vehicle on exceeds 300,000 thrants to cities and count elementing a regional boon imposing the surchard.	registered within the en all amounts above ties for planning and lueprint plan. In the
GD 405 (G: 1::)	la 1 1	0.7/4.7/2000 71	
SB 425 (Simitian) (D) A-04/16/2009	Personal and corporate income taxes: deductions: parking: credits: ridesharing expenses.	05/13/2009-Placed on REV. & TAX. suspense file. (05/14/2009-S REV. & TAX SUSPENSE FILE)	ACTIA-Watch CMA-Watch
	program by essentially	en amended to revise to shifting enforcement e Franchise Tax Board	from the Air
	Parking Cash-out Prog parking subsidies from with the requirement. businesses in an amou qualified commute red reduction expenditures monthly transit passes	ployer subject to the regram may not deduct the its gross income unless this bill also provides an equal to 80 percent eduction expenditures. It includes a wide range of the vanpools, carpools, provements that encounterthods.	ne cost of providing ss it is in compliance a tax credit to small of costs incurred for These commute of activities including rivate bus service and
SB 526 (Ashburn)(R) I-02/27/2009	Intercity rail: study.	Held on Suspense File – Two-Year Bill	ACTIA-Watch CMA-Watch

	NOTE: SB 526 was u Transportation Comm Appropriations Suspe	nanimously approved battee, and it is currently use File.	by the Senate on the Senate
	freight railroads, Unic Santa Fe (BNSF), and to extend at least one	altrans to enter into negon Pacific (UP) and the Ithe commuter railroad San Joaquin train via Art to the Legislature by	Burlington Northern s, ACE and Caltrain, ltamont Pass to San
SB 535 (Yee)(D) A-05/06/2009	Vehicles: HOV lanes.		ACTIA-Watch CMA-Oppose
	NOTE: NOTE: As introduced, SB 535 deletes the sunset date on existing law that allows exempts specified vehicles from HOV lanes occupancy requirements, but it retained language that would repeal the HOV lane exemption if federal law does not authorize these exemptions.		
	amended to remove the	cles, such as zero emiss	OV lane exemption for
	Motors, will be develo	cholder language. The oping language to establium ion powered vehicoancy requirements.	lish performance
SB 575	Local planning:	05/20/2009-Read	ACTIA Watch
(Steinberg)(D) A-05/04/2009	housing element.		ACTIA-Watch CMA-Watch
	1	een amended to include from last year. The bil	-
	the following changes The exemption for tra	:	ojects adopted prior to
	consistency" requirem	nent does not apply to peasure. (Self-Help Cou	projects funded solely

	The rezoning requirer by 1 year if the local sufficient to accommovery low and low incomplete Allows HCD to adjust the deadline is 18 months the bill also clarifies	ged to December 31, 20 ment under housing eler government has completed at 75% of the units at the due dates for housing a provision of last year airements applicable to	ment law is extended eted rezoning as opposed to sites for ing elements so that he region's RTP. Is SB 732 regarding
SB 632 (Lowenthal)(D) I-02/27/2009	Ports: congestion relief: air pollution mitigation.	05/21/2009-In Assembly. Read first time. Held at Desk. (05/21/2009-A DESK)	ACTIA-Watch CMA-Watch
	NOTE: This bill is on the Senate Floor and it would require to Ports of LA, Long Beach, and Oakland to assess their infrastructure and air quality needs and submit a report to the Legislature. Specifically, the bill would require the Port to d following: The Port of Oakland to consult the Metropolitan Transportati Commission, on infrastructure projects that improve cargo movement efficiency and reduce congestion impacts associate with cargo movement. The Port of Oakland to consult the Bay Area Air Quality Management District, on air quality projects that reduce pollulassociated with cargo movement, including projects that redupollution from trucks, cargo handling equipment, locomotive ships. Requires the ports to provide the assessments to the Legislate.		sess their hit a report to the hire the Port to do the hitan Transportation mprove cargo himpacts associated Air Quality that reduce pollution projects that reduce hent, locomotives, and
	quality improvement	costs, funding sources, ithout a funding source	and possible funding
SB 728 (Lowenthal)(D) I-02/27/2009	Air pollution: parking cash-out program.	305/26/2009-In Assembly. Read first time. Held at Desk.	ACTIA-Watch CMA-Watch

(05/26/2009-A DESK)
NOTE: SB 728 is another bill that attempts to add teeth to the Parking Cash-out Program. This bill would authorize the Air Resources Board to impose a civil penalty for violating this program, as well as authorize cities, counties, and air districts to adopt a local ordinance and penalty to ensure employers comply with the program.
Under the Parking Cash-out Program any employer with 50 or more employees that are located in a non-attainment area must provide a parking cash out program if the employer provides a parking subsidy to employees.